

Consolidated Financial Results for the Three-Month Period Ended June 30, 2017 (Japanese GAAP) (Unaudited)

Fiscal 2018 (Year ending March 31, 2018)

"First Quarter" means the three months from April 1 to June 30.

All financial information has been prepared in accordance with accounting principles generally accepted in Japan.

"JR East" refers to East Japan Railway Company on a consolidated basis, or if the context so requires, on a non-consolidated basis.
English translation from the original Japanese-language document.

July 28, 2017

East Japan Railway Company

Stock Exchange Listing	Tokyo
Securities Code	9020
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Scheduled Date for Release of a Quarterly Report	August 4, 2017
Scheduled Date of Dividend Payment Commencement	Not applicable
Preparation of Supplementary Explanations of Quarterly Financial Results:	No
Quarterly Financial Results Presentation to Be Held:	No

1. Consolidated Results for the Three-Month Period Ended June 30, 2017 (April 1, 2017—June 30, 2017)

(Amounts less than one million yen, except for per share amounts, are omitted.)

(1) Consolidated financial results

(Percentages represent percentage changes as compared with the corresponding period in the previous fiscal year.)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2018, 1st Quarter	711,892	2.0	138,601	4.3	127,120	8.6	86,271	7.9
Fiscal 2017, 1st Quarter	698,021	1.5	132,874	(3.0)	117,075	(2.9)	79,967	0.9

Note: Comprehensive income – Fiscal 2018, 1st Quarter: 95,253 million yen (an increase of 43.1%), Fiscal 2017, 1st Quarter: 66,568 million yen (a decrease of 25.1%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
Fiscal 2018, 1st Quarter	222.53	—
Fiscal 2017, 1st Quarter	204.60	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Fiscal 2018, 1st Quarter	7,684,462	2,714,354	35.0
Fiscal 2017	7,911,114	2,675,353	33.5

Reference: Shareholders' equity – Fiscal 2018, 1st Quarter: 2,691,057 million yen, Fiscal 2017: 2,653,419 million yen

2. Dividends (Year Ended March 31, 2017 and Year Ending March 31, 2018)

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	—	65.00	—	65.00	130.00
Fiscal 2018	—	—	—	—	—
(Forecast) Fiscal 2018	—	70.00	—	70.00	140.00

Note: Revisions to the most recently disclosed dividend forecasts: No

3. Forecasts for Fiscal 2018 (Year Ending March 31, 2018)

(Percentages represent percentage changes as compared with the corresponding period in the previous fiscal year.)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2017	1,454,000	1.3	281,000	1.2	250,000	2.1	173,000	5.0	448.49
Fiscal 2018	2,930,000	1.7	472,000	1.2	424,000	2.8	286,000	2.9	741.44

Note: Revisions to the most recently disclosed earnings forecasts: No

Notes

(1) Changes to principal subsidiaries during the period : No

(Indicates whether changes have occurred in specified subsidiaries in accordance with changes in the scope of consolidation)

Newly consolidated — excluded —

(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatement of revisions

- i Changes in accounting policies with revision of accounting standards : No
- ii Changes in accounting policies other than the above : No
- iii Changes in accounting estimates : No
- iv Restatement of revisions : No

(4) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) 1st Quarter, Fiscal 2018 389,407,900 shares Fiscal 2017 389,407,900 shares
- ii Treasury stock at period-end 1st Quarter, Fiscal 2018 3,673,024 shares Fiscal 2017 657,657 shares
- iii Average number of shares during period 1st Quarter, Fiscal 2018 387,689,472 shares 1st Quarter, Fiscal 2017 390,842,004 shares

※ Quarterly financial results are not subject to the quarterly review.

※ Explanation of appropriate use of forecasts of business results; other important items

The forecasts of business results and other forward-looking statements in this document are based on information available as of the date of this document and on certain assumptions that JR East viewed as reasonable as of the date of this document. Actual results may differ from such forward-looking statements for a variety of reasons.

Regarding the forecasts of business results, please refer to “Qualitative Information on Consolidated Performance Outlook” on page 5 in the Attachments. Further, the non-consolidated performance outlook is on the next page.

(Reference)

Forecasts of the Non-consolidated Results for Fiscal 2018 (Year Ending March 31, 2018)

(Percentages represent percentage changes as compared with the corresponding period in the previous fiscal year.)

	Operating revenues		Operating income		Ordinary income		Profit		Earnings per share— Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2017	1,047,000	0.5	249,000	2.7	229,000	4.7	165,000	7.9	427.39
Fiscal 2018	2,079,000	0.5	393,000	1.1	351,000	2.7	247,000	1.5	639.78

Note: Revisions to the most recently disclosed earnings forecasts: No

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(Unless otherwise stated, all comparisons are between the three months from April 1, 2017, to June 30, 2017, and the three months from April 1, 2016, to June 30, 2016.)

(1) Qualitative Information on Consolidated Operating Results

In the first three months of the fiscal year ending March 31, 2018 (from April 1, 2017, to June 30, 2017; the first quarter), the Japanese economy improved in such areas as employment and income conditions and continued to recover gradually. Under these conditions, and guided by “JR East Group Management Vision V – Ever Onward,” the East Japan Railway Company and its consolidated subsidiaries and equity-method affiliated companies (JR East) steadily executed various initiatives centered on the railway, life-style service, and IT & *Suica* businesses.

As a result, during the first quarter, operating revenues increased 2.0%, to ¥711.8 billion, mainly due to growth in JR East’s transportation revenues, and operating income increased 4.3%, to ¥138.6 billion. Ordinary income increased 8.6%, to ¥127.1 billion, mainly due to increases in insurance proceeds and dividends and a decrease in interest expense. Furthermore, due to factors including recognition of provision for allowance for partial transfer costs of railway operation, profit attributable to owners of parent increased 7.9%, to ¥86.2 billion.

To execute its highest priority task of improving the safety and reliability of transportation, JR East is implementing rigorous efforts to prevent the recurrence of accidents and incidents that affect transportation, as well as efforts to prevent such accidents and incidents by identifying risks and weaknesses. Specifically, JR East improved the electrical equipment of its conventional lines in the Tokyo metropolitan area and Shinkansen facilities to address their weaknesses. In addition, to deepen each employee’s understanding of the nature of their work, JR East utilized such methods as the use of simulators, which it is introducing to operational sites and other locations, and conducted more practical educational and training activities. In conjunction with these efforts, JR East took measures to enhance safety in the Group as a whole, such as conducting joint training with Group companies and other organizations. In addition, JR East worked to provide reliable transportation services through such efforts as the implementation of measures related to ground facilities and railcars to prevent service disruptions. Further, in April 2017 JR East expanded the initiative to make prompt announcements of the expected time of resumption of operations when services are disrupted. In conjunction with these efforts, JR East proceeded with construction work to lengthen the platforms of certain railway stations on the Takasaki Line with a view to increasing contingency shuttle operations.

With respect to strategies for visitors to Japan from overseas, the JR East Group as a whole took measures to increase the number of and improve products and develop capabilities to service such customers. Specifically, aiming to expand and enhance the product lineup under the *JR East Railway Holiday* brand, JR East proceeded with preparations in collaboration with JR Hokkaido to launch a new product for the Hakodate area, *HAKODATE BUFFET*, in July 2017. Further, JR East established a prayer room in Tokyo Station in June 2017 and proceeded with preparations to establish in-car luggage storage areas such services as the Tohoku Shinkansen in July 2017. Also, JR East made progress in introducing station name signs in four languages and station numbering that displays both station numbers and line numbers.

With respect to the area surrounding Shinagawa Station and Tamachi Station, as some of the land used for the Shinagawa Depot railway yard will become available for other uses, JR East aims to develop an internationally attractive exchange hub. JR East is implementing procedures to conduct development in cooperation with the Government of Japan, Tokyo Metropolitan Government, relevant wards, and other stakeholders. Further, JR East proceeded with the construction of Shinagawa New Station (provisional name) with a view to its interim opening in spring 2020 and its full opening around 2024, which is scheduled to coincide with the opening of the town.

In light of the “JR East 2020 Project,” which summarizes JR East’s objectives as an Official Passenger Rail Transportation Services Partner of the Tokyo 2020 Olympic and Paralympic Games, JR East upgraded railway stations near competition venues with the aim of completing these efforts by spring 2020. Further, JR East proceeded with preparations for the steady installation from spring 2018 onward of security cameras onboard Series 235 commuter railcars operating on the Yamanote Line. Also, under the “TICKET TO TOMORROW” slogan, the JR East Group will provide high-quality services with a view to meeting customer expectations and to creating a legacy for society beyond 2020. In light of this, JR East organized the “JR EAST STARTUP PROGRAM” and, with the aim of creating new businesses and services, received proposals from startups and other organizations.

With respect to regional revitalization, JR East made progress in such initiatives as promotion of tourism, revitalization of local industries, and town development centered on regional core railway stations. Specifically, JR East began operations of the *TRAIN SUITE SHIKI-SHIMA* cruise train in May 2017. Also, in light of advancements in collaborations with regional producers and processors for the *sextic industrialization* of agriculture, fishing and forestry, JR East established the “JR East NOMONO Award” and presented commendations to outstanding initiatives. Further, based on the “Partnership Agreement in Relation to the Development of Compact Cities for Regional Revitalization” concluded with Akita Prefecture and Akita City, JR East opened a west exit parking garage building at Akita Station in April 2017 and proceeded with preparations for a sports medicine clinic, which is scheduled for completion around spring 2018, and *JR Akita Gate Arena* (provisional name), which is scheduled for completion in winter 2019.

With respect to participation in overseas railway projects, subsidiary Japan International Consultants for Transportation Co., Ltd. provided consultation services for the “Follow-up Study for Mumbai-Ahmedabad High Speed Railway Corridor” and the “General Consultancy of The Mumbai-Ahmedabad High Speed Railway Project” and prepared training for the personnel of National High Speed Rail Corporation Limited (NHSRC) in India. In conjunction with these efforts, JR East took advantage of its experience as a Shinkansen operator to provide technological support. In addition, given that it is advancing multiple other overseas railway projects, in June 2017 JR East established the International Affairs Headquarters and enhanced promotion of international operations.

Segment Information

As of the first quarter, JR East has changed the classification of reportable segments. The year-on-year comparisons below are comparisons with figures of the previous first quarter that have been recalculated based on the new segment classification.

Transportation

In the Transportation segment, with railway operations as its core operations, JR East promoted the use of its railway networks to secure revenues while ensuring safe and reliable transportation and enhancing customer satisfaction.

With respect to safety, JR East steadily implemented measures based on its sixth five-year safety plan, “Group Safety Plan 2018.” As additional seismic reinforcement measures in preparation for a major earthquake, such as a possible earthquake directly beneath the Tokyo metropolitan area, JR East expanded the area of measures it has been implementing and proceeded with consideration of new measures, upon consideration of the risk of damage to each facility and its effect on line segments and other aspects of operations. Further, JR East proceeded with the installation of automatic platform gates based on a policy of introducing them to all railway stations on the Yamanote Line and to all railway stations on the line segment between Omiya Station and Sakuragicho Station on the Keihin-Tohoku and Negishi Lines. In addition to taking measures to prevent railway crossing accidents, JR East introduced a train approach alarm system that utilizes GPS to improve the safety of personnel who perform maintenance work to more line segments.

With respect to service quality, the Group promoted measures aimed at becoming “No. 1 for customer satisfaction in the Japanese railway industry” based on the “Medium-term Vision for Service Quality Reforms 2017.” Also, JR East proceeded with construction work on the Tohoku, Joetsu, and Hokuriku Shinkansen lines to eliminate areas in tunnels where mobile phone connection is poor. Further, concentrating on the Nambu Line, the Yokohama Line, and the Keiyo Line, JR East increased the installation of guidance-use displays for emergencies at railway stations. In addition, JR East continued the *assistance* campaign in which personnel ask nearby customers whether they require assistance.

With respect to marketing and sales activities, JR East conducted such campaigns as *1st ANNIVERSARY HOKKAIDO SHINKANSEN* and the *SHINKANSEN YEAR 2017 Campaign* to promote further usage of the Shinkansen network. Further, JR East prepared for the *Shinshu Destination Campaign* and the *Aomori Prefecture and Hakodate Tourism Campaign*, both of which began in July 2017. In addition, JR East proceeded with preparations for the commencement of operations of the joyful train, *HIGH RAIL 1375*, between Kobuchizawa and Komoro on the Koumi Line in July 2017. Also, JR East launched *Fretemina* hands-on-learning-type tours for children as a new brand and began sales in May 2017.

In *Suica* operations, from April 2017 JR East increased railway stations on the Shinonoi Line, the Chuo Main Line, and the Banetsu West Line at which *Suica* is useable. The number of *Suica* cards issued and outstanding was approximately 65.43 million as of June 30, 2017.

As a result, operating revenues in the Transportation segment increased 1.4%, to ¥511.1 billion, mainly due to an increase in JR East’s number of passengers for railway operations, and operating income increased 4.8%, to ¥104.6 billion.

To restore line segments on the Pacific coast severely damaged by the Great East Japan Earthquake, JR East worked in close collaboration with the national government and relevant local authorities and advanced rebuilding of the area as a whole. With a view to opening during the fiscal year ending March 31, 2019, JR East proceeded with restoration work on the line segment between Miyako and Kamaishi on the Yamada Line, operation of which is to be transferred to Sanriku Railway Company. With respect to the Bus Rapid Transit (“BRT”) systems on the Kesennuma Line and the Ofunato Line, JR East proceeded with the establishment of new stations and other service improvements.

JR East’s policy for areas within a 20-kilometer radius of the Fukushima Daiichi Nuclear Power Station is to prepare to resume operations in the areas designated as “areas where evacuation orders have been lifted,” through the cooperation of the national government and local authorities that are working to decontaminate line-side areas and return residents to their homes. Based on this policy, JR East resumed operations between Namie and Odaka on the Joban Line in April 2017 and conducted restoration work and took other measures with a view to resuming operations between Tatsuta and Tomioka in October 2017. Further, in the areas designated as “areas where it is expected that the residents will have difficulties in returning for a long time,” JR East aims to open lines after the restoration of damaged facilities, the completion of decontamination work required for opening lines, and the implementation of measures to ensure the safety of users in emergencies, with the support and cooperation of the national government and local authorities. JR East proceeded with restoration work with a view to resume operations between Tomioka and Namie on the Joban Line by March 31, 2020.

With respect to the line segment between Aizu-Kawaguchi and Tadami on the Tadami Line, JR East held discussions with local authorities and other organizations aimed at resumption of operations since they were suspended due to a disaster resulting from torrential rain in July 2011. In March 2017, JR East received a written request from the governor of Fukushima Prefecture for the resumption of railway services. Following discussions, in June 2017 an agreement was reached on a framework and other items for resumption through the separation of management responsibility for operations and infrastructure, and JR East concluded a “Basic Agreement and Memorandum of Understanding concerning the Resumption of Railway Services on the Tadami Line (between Aizu-Kawaguchi and Tadami)” with Fukushima Prefecture. Going forward, JR East will cooperate with local authorities and other organizations toward resumption.

Retail & Services

In the Retail & Services segment, in relation to *GranSta Marunouchi* (Tokyo) in the Marunouchi underground area of Tokyo Station and a new area of *GranSta* (Tokyo), JR East prepared for complete opening in August 2017, following the April 2017 opening of phase 2 and the June 2017 opening of phase 3. Further, JR East continued introducing stores with new designs for *NewDays* (convenience stores) and introducing *NewDays KIOSK*, which is a new-type *KIOSK* store. Also, JR East made efforts to promote advertising sales for *11 Tokyo Metropolitan Area Railway Operators Nakazuri (Hanging Posters) Dream Network Set*, which enables the simultaneous posting of advertisements that hang inside railcars on all target lines, including those of other railway operators.

As a result of these initiatives, as well as factors including the strong sales of stores in Tokyo Station and in other locations, operating revenues of the Retail & Services segment increased 2.5%, to ¥136.2 billion, and operating income increased 7.8%, to ¥8.7 billion.

Real Estate & Hotels

In the Real Estate & Hotels segment, JR East fully opened *S-PAL Sendai East Building* (Miyagi) and *JR Saitama-Shintoshin Building* (Saitama) in June 2017. In addition, JR East proceeded with the construction of *JR Funabashi Station South Exit Building* (provisional name), which is scheduled for opening toward the end of the current fiscal year; *PERIE CHIBA* (Chiba), which is scheduled for full opening in or after summer 2018; phase 1 of the *Shibuya Station Area Development Plan* (East Bldg.), which is scheduled for completion in the fiscal year ending March 31, 2020; and the *Yokohama Station West Exit Station Building* (provisional name), which is scheduled for completion in 2020. Further, as part of the *HAPPY CHILD PROJECT*, JR East is proceeding with development aimed at opening a total of 130 child-rearing-support facilities inside station buildings and other buildings by April 2020. JR East had a total of 102 facilities as of June 30, 2017. Also, JR East opened *Hotel Metropolitan Saitama-Shintoshin* (Saitama) and *Hotel Metropolitan Sendai East* (Miyagi) in June 2017. In conjunction with these efforts, JR East proceeded with construction work on *Hotel Dream Gate Maihama Annex* (Chiba), which is scheduled to open in December 2017; *HOTEL METS JR Funabashi Station South Exit Building* (provisional name), which is scheduled to open toward the end of the current fiscal year; and *HOTEL METS Akihabara* (provisional name), which is scheduled to open in autumn 2019.

As a result of these initiatives, as well as factors including increased revenues due to occupancy of the office floors of *JR SHINJUKU MIRAINA TOWER* (Tokyo) and the strong sales of LUMINE Co., Ltd., operating revenues of the Real Estate & Hotels segment increased 5.0%, to ¥87.7 billion, and operating income increased 2.7%, to ¥21.9 billion.

Others

In *Suica* shopping services (electronic money), JR East continued to develop the network of participating stores and business establishments actively through efforts that included introduction of *Suica* electronic money to chain stores with extensive operating areas. As a result of these measures, *Suica* electronic money was usable at approximately 400,000 stores as of June 30, 2017. In addition, JR East proceeded with preparations to unify *Suica Point* with *JRE POINT* in December 2017.

As a result of these initiatives, as well as factors including higher sales due to the “General Consultancy of The Mumbai-Ahmedabad High Speed Railway Project” and the strong sales of credit card operations, operating revenues from Others increased 7.0%, to ¥46.9 billion. As a result of increases in expenses related to credit card operations and other expenses, operating income decreased 8.2%, to ¥2.8 billion.

Note: JR East applies the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Statement No.17, June 30, 2010) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Guidance No.20, March 21, 2008). The operating income of each segment of JR East corresponds to the segment income under the said Accounting Standard and Guidance.

(2) Qualitative Information on Consolidated Performance Outlook

As employment and income conditions continue improving, the Japanese economy is expected to continue recovering gradually, in part due to the effect of various government initiatives. Amid these conditions, guided by the “JR East Group Management Vision V — Ever Onward” management vision, JR East will continue striving to contribute to local communities through the provision of safe, high-quality services while working to fulfill its “Eternal Mission.” At the same time, JR East will focus on making progress with regard to technological innovation, globalization, and the creation of opportunities that resonate with employee ambitions as it pursues its “Unlimited Potential.” Further, JR East will encourage all Group employees to act and engage in teamwork that exceeds the boundaries of their workplace and other groups within their organization in order to give form to its management policy of “Thriving with Communities, Growing Globally.”

After reviewing the operating results for the first quarter ended June 30, 2017, JR East has maintained its consolidated first-half and full-term business forecasts for the fiscal year ending March 31, 2018, which it announced on April 28, 2017.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2017 (As of March 31, 2017)	Fiscal 2018, 1st Quarter (As of June 30, 2017)
ASSETS		
Current Assets	¥ 915,625	¥ 700,652
Cash and time deposits	208,295	59,761
Notes and accounts receivable-trade	449,434	415,276
Fares receivable	39,914	30,149
Short-term loans receivable	5,688	5,579
Securities	79,000	44,000
Real estate for sale	499	497
Inventories	50,861	62,148
Deferred tax assets	43,025	31,392
Other	40,392	53,439
Allowance for doubtful accounts	(1,485)	(1,593)
Fixed Assets	6,995,384	6,983,675
Property, plant and equipment, net of accumulated depreciation	6,342,759	6,330,013
Buildings and fixtures (net)	3,260,299	3,261,147
Machinery, rolling stock and vehicles (net)	712,003	698,186
Land	2,013,899	2,014,141
Construction in progress	286,275	287,693
Other (net)	70,282	68,843
Intangible assets	119,269	113,400
Investments and other assets	533,354	540,260
Investments in securities	263,322	277,525
Long-term loans receivable	1,693	1,731
Long-term deferred tax assets	204,593	197,351
Net defined benefit assets	161	265
Other	64,329	64,166
Allowance for doubtful accounts	(745)	(780)
Deferred Assets	105	134
Total Assets	¥7,911,114	¥7,684,462

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2017, (As of March 31, 2017)	Fiscal 2018, 1st Quarter (As of June 30, 2017)
LIABILITIES		
Current Liabilities	¥1,337,390	¥1,093,448
Notes and accounts payable-trade	46,834	37,519
Short-term loans and current portion of long-term loans	116,830	116,446
Current portion of bonds	159,899	169,898
Current portion of long-term liabilities		
incurred for purchase of railway facilities	4,290	4,290
Payables	459,147	216,941
Accrued consumption taxes	19,513	30,689
Accrued income taxes	55,638	22,967
Fare deposits received with regard to railway connecting services	22,164	18,714
Prepaid railway fares received	99,217	111,239
Allowance for bonuses to employees	73,155	42,883
Allowance for earthquake-damage losses	6,767	6,328
Other	273,931	315,529
Long-Term Liabilities	3,898,370	3,876,658
Bonds	1,680,074	1,650,091
Long-term loans	929,541	929,299
Long-term liabilities incurred for purchase of railway facilities	336,679	336,679
Long-term deferred tax liabilities	3,189	3,515
Provision for large-scale renovation		
of Shinkansen infrastructure	24,000	30,000
Allowance for earthquake-damage losses	10,293	10,266
Allowance for partial transfer costs of railway operation	16,163	18,755
Net defined benefit liabilities	641,394	631,694
Other	257,033	266,357
Total Liabilities	¥5,235,761	¥4,970,107
NET ASSETS		
Shareholders' Equity	¥2,590,575	¥2,619,754
Common stock	200,000	200,000
Capital surplus	96,811	96,843
Retained earnings	2,298,925	2,360,113
Treasury stock, at cost	(5,161)	(37,202)
Accumulated Other Comprehensive Income	62,844	71,302
Net unrealized holding gains (losses) on securities	52,940	61,036
Net deferred gains (losses) on derivatives under		
hedge accounting	1,846	2,014
Revaluation reserve for land	(473)	(473)
Remeasurements of defined benefit plans	8,530	8,725
Non-Controlling Interests	21,933	23,297
Total Net Assets	2,675,353	2,714,354
Total Liabilities and Net Assets	¥7,911,114	¥7,684,462

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income and Comprehensive Income (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

(i) Consolidated Statements of Income

	Millions of Yen	
	Fiscal 2017, 1st Quarter (Three months ended June 30, 2016)	Fiscal 2018, 1st Quarter (Three months ended June 30, 2017)
Operating Revenues	¥698,021	¥711,892
Operating Expenses	565,147	573,290
Transportation, other services and cost of sales	431,160	434,742
Selling, general and administrative expenses	133,986	138,547
Operating Income	132,874	138,601
Non-Operating Income	3,938	6,672
Interest income	6	4
Dividend income	2,325	2,937
Insurance proceeds and dividends	172	2,856
Equity in net income of affiliated companies	192	—
Other	1,241	874
Non-Operating Expenses	19,738	18,153
Interest expense	18,025	16,393
Equity in net losses of affiliated companies	—	1
Other	1,713	1,758
Ordinary Income	117,075	127,120
Extraordinary Gains	5,308	6,077
Insurance proceeds related to earthquake	2,575	4,905
Other	2,732	1,172
Extraordinary Losses	6,939	7,893
Losses on reduction entry for construction grants	2,265	726
Intensive seismic reinforcement costs	1,828	3,005
Provision for allowance for partial transfer costs of railway operation	—	2,715
Other	2,846	1,446
Income before Income Taxes	115,444	125,304
Income Taxes	35,154	38,513
Current	17,889	22,537
Deferred	17,265	15,975
Profit	80,289	86,791
Profit Attributable to Non-Controlling Interests	321	519
Profit Attributable to Owners of Parent	¥ 79,967	¥ 86,271

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2017, 1st Quarter (Three months ended June 30, 2016)	Fiscal 2018, 1st Quarter (Three months ended June 30, 2017)
Profit	¥80,289	¥86,791
Other Comprehensive Income	(13,720)	8,462
Net unrealized holding gains (losses) on securities	(12,056)	7,606
Net deferred gains (losses) on derivatives under hedge accounting	(525)	196
Remeasurements of defined benefit plans	84	(40)
Share of other comprehensive income of associates accounted for using equity method	(1,223)	699
Comprehensive Income	¥66,568	¥95,253
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	¥66,251	¥94,729
Comprehensive income attributable to non-controlling interests	¥ 316	¥ 523

Note: Amounts less than one million yen are omitted.

(3) Notes to Quarterly Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption (Unaudited))

None

(Segment Information (Unaudited))

(Information related to amounts of operating revenues, income, and loss of each reportable segment)

Fiscal 2017, 1st Quarter (Three months ended June 30, 2016)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥485,494	¥120,666	¥78,881	¥12,979	¥698,021	¥ —	¥698,021
Inside group	18,557	12,177	4,643	30,898	66,277	(66,277)	—
Total	504,051	132,844	83,525	43,878	764,299	(66,277)	698,021
Segment income	¥ 99,875	¥ 8,077	¥21,344	¥ 3,135	¥132,433	¥ 441	¥132,874

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥441 million adjustment to segment income includes a ¥473 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(32) million elimination for intersegment transactions.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

Fiscal 2018, 1st Quarter (Three months ended June 30, 2017)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥491,853	¥122,559	¥82,873	¥14,604	¥711,892	¥ —	¥711,892
Inside group	19,337	13,671	4,856	32,336	70,202	(70,202)	—
Total	511,191	136,231	87,730	46,941	782,095	(70,202)	711,892
Segment income	¥104,642	¥ 8,709	¥21,921	¥ 2,878	¥138,152	¥ 449	¥138,601

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥449 million adjustment to segment income includes a ¥459 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥31 million elimination for intersegment transactions.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

(Information Related to Changes in Reportable Segments, etc.)

From the first quarter, JR East revised its reportable segment classifications to focus on operational headquarters in order to better enforce its management approach based on segments that carry out managerial decision-making. Consequently, the previous reportable segments "Transportation," "Station Space Utilization," "Shopping Centers & Office Buildings," and "Others" have been changed to "Transportation," "Retail & Services," "Real Estate & Hotels," and "Others."

Further, the previous first quarter's information has been prepared and presented based on the new segment classification.

(Notes on Significant Changes in the Value of Shareholders' Equity (Unaudited))

The balance of treasury stock as of June 30, 2017 was ¥37,202 million, an increase of ¥32,041 million from March 31, 2017. This was mainly due to the Company's acquisition of 3,015,100 shares of its common stock for ¥32,038 million on the Tokyo Stock Exchange from May 1 through June 30, 2017, in accordance with a resolution of the Board of Directors on April 28, 2017.

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2017, 1st Quarter (Three months ended June 30, 2016)	Fiscal 2017 (Year ended March 31, 2017)	Fiscal 2018, 1st Quarter (Three months ended June 30, 2017)	Increase (Decrease)
	(A)	(B)	(C)	(C)-(A)
Ratio of operating income to average assets (ROA) (%)	1.7	5.9	1.8	0.0
Return on average equity (ROE) (%)	3.3	10.9	3.2	(0.0)

Numerical Targets for the Fiscal Year Ending March 31, 2020

	Billions of Yen				
	Actual Fiscal 2017	Forecast Fiscal 2018	Fiscal 2020 Targets	Change	
	(A)	(B)	(C)	Increase (Decrease) (C)-(A)	% (C)/(A)x100
Operating Revenues	2,880.8	2,930.0	3,021.0	140.1	104.9
Transportation	1,989.8	2,001.0	2,028.0	38.1	101.9
Retail & Services	502.4	514.0	542.0	39.5	107.9
Real Estate & Hotels	326.3	344.0	362.0	35.6	110.9
Others	62.2	71.0	89.0	26.7	143.0
Operating Income	466.3	472.0	499.0	32.6	107.0
Transportation	334.2	335.0	350.0	15.7	104.7
Retail & Services	36.8	37.0	41.0	4.1	111.3
Real Estate & Hotels	80.3	83.0	89.0	8.6	110.7
Others	16.5	18.0	20.0	3.4	120.6
Elimination and/or corporate	(1.6)	(1.0)	(1.0)	0.6	59.3

- Notes:1. The breakdown of financial results for the fiscal year ended March 31, 2017, has been presented based on the new segment classifications.
2. The breakdown of operating revenues by business segment shows sales to outside customers.

Consolidated Capital Expenditures

	Billions of Yen					
	Actual Fiscal 2017, 1st Quarter (Three months ended June 30, 2016)	Actual Fiscal 2018, 1st Quarter (Three months ended June 30, 2017)	Change		Plans for Fiscal 2018	Change
	(A)	(B)	Increase (Decrease) (B)-(A)	% (B)/(A)x100		Increase (Decrease) year on year
Capital expenditures	50.7	71.8	21.1	141.7	560.0	53.2
Transportation	27.8	38.1	10.3	137.0	423.0	35.5
Non-transportation	22.8	33.7	10.8	147.3	137.0	17.6

- Notes:1. The year-on-year change for plans for full-year capital expenditures represents comparisons with the fiscal year ended March 31, 2017, and has been presented based on new segment classifications.
2. The breakdown of financial results for the first quarter of the fiscal year ended March 31, 2017, has been presented based on the new segment classifications.

Forward-Looking Statements

Statements contained in this report with respect to JR East's plans, strategies, and beliefs that are not historical facts are forward-looking statements about the future performance of JR East, which are based on management's assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause JR East's actual results, performance, or achievements to differ materially from the expectations expressed herein. These factors include, without limitation, (i) JR East's ability to successfully maintain or increase current passenger levels on railway services, (ii) JR East's ability to improve the profitability of railway and other operations, (iii) JR East's ability to expand non-transportation operations, and (iv) general changes in economic conditions and laws, regulations, and government policies in Japan.

Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2017, 1st Quarter (Three months ended June 30, 2016) (A)	Fiscal 2018, 1st Quarter (Three months ended June 30, 2017) (B)	Change Increase (Decrease) (B)-(A)	(B)/(A)x100	Fiscal 2017, 1st Quarter (Three months ended June 30, 2016) (C)	Fiscal 2018, 1st Quarter (Three months ended June 30, 2017) (D)	Change Increase (Decrease) (D)-(C)	(D)/(C)x100
Shinkansen Network								
Commuter Passes	442	450	8	101.9	6.1	6.2	0.1	101.9
Other	5,019	5,091	72	101.4	130.7	131.7	1.0	100.8
Total	5,461	5,542	80	101.5	136.8	137.9	1.1	100.9
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes	17,820	18,005	185	101.0	115.7	117.0	1.3	101.2
Other	8,868	9,077	208	102.4	175.3	179.8	4.5	102.6
Total	26,689	27,083	393	101.5	291.0	296.9	5.8	102.0
<i>Other Network</i>								
Commuter Passes	790	792	1	100.2	4.7	4.7	0.0	100.1
Other	600	608	7	101.3	12.0	12.2	0.1	101.4
Total	1,391	1,400	8	100.6	16.8	16.9	0.1	101.0
<i>Total</i>								
Commuter Passes	18,611	18,797	186	101.0	120.4	121.7	1.3	101.1
Other	9,469	9,685	216	102.3	187.4	192.1	4.6	102.5
Total	28,080	28,483	402	101.4	307.8	313.9	6.0	102.0
Total								
Commuter Passes	19,053	19,248	194	101.0	126.5	128.0	1.4	101.2
Other	14,488	14,777	288	102.0	318.1	323.8	5.7	101.8
Total	33,542	34,025	483	101.4	444.6	451.8	7.2	101.6

Notes:1. Amounts less than one million passenger kilometers and 100 million yen are omitted.

2. The Kanto Area Network includes the areas covered by Tokyo Branch Office, Yokohama Branch Office, Hachioji Branch Office, Omiya Branch Office, Takasaki Branch Office, Mito Branch Office, and Chiba Branch Office.